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SUBJECT: ALBANIA'S CAUTIOUSLY OPTIMISTIC BUDGET PICTURE

Ref: TIRANA 408

11. (SBU) While both government revenues and remittances from Albanians working abroad continue to drop, there are signs the rate of decline is slowing. According to the Central Bank, tax and customs revenues for the first five months of 2009 were at 94 percent of plan. However, revenue collections since April seem to have stabilized according to Ministry of Finance sources. Also, although first quarter 2009 remittances were down eight percent from 2008 to 196 million euro, the drop was considerably less than the 15 percent decline from 2007 to 2008, which happened mostly in the second half of 2008. Western Union, the country's largest conduit for remittances, has seen a slight pickup in remittances during the last three months after nine months of declines (reftel).

12. (SBU) On the expense side, the General Manager of Bechtel's Durres-Kukes road project told econoff that Bechtel's billings, the GOA's largest single monthly expenditure, will begin tapering off after this summer as the highway project nears completion. Finally, election-related spending, including a flurry of highway construction activity, should come to an abrupt end by mid-summer.

WITHERS